

AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY
COMMITTEE

1:30 P.M.

Room EW41

Wednesday, January 12, 2011

SUBJECT	DESCRIPTION	PRESENTER
	Organizational Meeting	
	Introduce Attache and Page	
	Sub-committee assignments	
	New Rules process	
	Questions	

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Dell Raybould

Vice Chair R. Harwood

Rep Eric Anderson

Rep George Eskridge

Rep Stephen Hartgen

Rep Erik Simpson

Rep Sharon Block

Rep Reed DeMordaunt

Rep Marc Gibbs

Rep Pete Nielsen

Rep Robert Schaefer

Rep Jeff Thompson

Rep John Vander Woude

Rep Elaine Smith

Rep Wendy Jaquet

Rep Brian Cronin

COMMITTEE SECRETARY

Jana Filer

Room: EW41

Phone: (208) 332-1128

email: jfiler@house.idaho.gov

MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Wednesday, January 12, 2011

TIME: 1:30 P.M.

PLACE: EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs, Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:**

GUESTS: Pat Barclay, Executive Director, Idaho Council on Industry and the Environment; Phyllis Vernon and Nancy Jones, The Western Idaho Community Action Partnership, Inc. / Head Start; Ed Hawley, Administrative Rules; Tony Smith, Sullivan Reberger & Eiguren; Jack Barraclough

Meeting was called to order at 1:31 p.m. by **Chairman Raybould**.

Chairman Raybould introduced the attache for the Environment, Energy and Technology Committee, Jana Filer, and the Page for the first half of the session, Saige Benjamin. Both were asked to tell the committee and guests about themselves.

Chairman Raybould then introduced each committee member. He asked each member to tell the committee and guests which district they represent, and to explain why he or she chose to sit on the Environment Energy and Technology Committee.

Several Committee members recognized retired Representative **Jack Barraclough** and his great influence in their decision to join the Environment, Energy and Technology Committee.

Chairman Raybould appointed all Committee members to the Sub-Committee on Rules. **Representative Harwood** agreed to Chair the Sub-Committee on Rules. **Chairman Raybould** explained that there are a relatively small number of rules to review this year. There may be one or two rules which require in-depth review, so the entire Committee should be a part of the process. **Chairman Harwood** called the first subcommittee meeting for January 18, 2011 at 1:30. There will not be a regular meeting that day.

Chariman Raybould notified the Committee members that Rules Books will not be presented in hard copy. All rules are available on-line. He asked each Committee member to review these rules on-line, and Committee members will need to bring their laptops to the meetings.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 2:04 p.m.

Representative Raybould
Chair

Jana Filer
Secretary

AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY
COMMITTEE

HARWOOD SUBCOMMITTEE

Administrative Rules

1:30 P.M.

Room EW41

Tuesday, January 18, 2011

DOCKET NO.	DESCRIPTION	PRESENTER
Department of Environmental Quality		
58-0101-0904	Rules for the Control of Air Pollution in Idaho <i>(Rulemaking initiated in response to petition filed to develop air quality rules re: mercury emissions from certain facilities)</i>	Martin Bauer
58-0101-1002	Rules for the Control of Air Pollution in Idaho <i>(Update of federal regulations incorporated by reference)</i>	Martin Bauer
58-0105-1001	Rules and Standards for Hazardous Waste	Orville Green
58-0123-0901	Rule of Administration Procedure before the Board of Environmental Quality	Doug Conde
58-0102-1001	Water Quality Standards	Barry Burnell
58-0108-1001	Idaho Rules for Public Drinking Water	Barry Burnell
58-0117-1001	Rule for the Reclamation and Reuse of Municipal and Industrial Wastewater	Barry Burnell
58-0120-0901	Rule for Administration of Drinking Water Loan Program	Barry Burnell

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman R. Harwood

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Rep Stephen Hartgen

Rep Erik Simpson

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Rep Brian Cronin

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MINUTES
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
HARWOOD SUBCOMMITTEE
Administrative Rules

DATE: Tuesday, January 18, 2011
TIME: 1:30 P.M.
PLACE: Room EW41
MEMBERS: Chairman Harwood, Representatives Raybould, Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs, Nielsen, Schaefer, Thompson; Smith (30), Jaquet, Cronin
**ABSENT/
EXCUSED:** Representative(s) Block, Gibbs
GUESTS: Trent Clark, Public and Government Affairs Director, Monsanto; Courtney Washburn, Justin Hayes, Ben Otto and Lara Rozzell, Idaho Conservation League; Dale Atkinson, Citizens of Idaho; Brent Olmstead, Milk Producers of Idaho; Jack Lyman, Idaho Mining Association; Brenda Tominaga, Idaho Rural Water Association; Larry Benton, Benton, Ellis; Tony Smith, Sullivan, Reberger, & Eiguren; Dennis Stevenson, Office of the Administrative Rules Coordinator; Lee Flinn, Conservation Voters; Toni Hardesty, Director, Department of Environmental Quality (DEQ); Martin Bauer, Orville Green, Doug Conde, and Barry Burnell, DEQ

Meeting was called to order at 1:29 p.m. by **Chairman Raybould** .

Because there are a small number of rules, and the complexity of a few of those rules, **Chairman Raybould** appointed all Committee members to the Subcommittee on Rules. He then turned the meeting over to the Subcommittee Chairman, **Rep. Harwood**.

Chairman Harwood recognized Department of Environmental Quality (DEQ) Director, **Toni Hardesty**. Ms. Hardesty introduced the members of her staff, who will be presenting the rules to the Subcommittee. She stated that some of the testimony regarding the four water rules to be presented by **Barry Burnell** will tie into legislation to be heard in Committee on Thursday.

Docket No. 58-0101-0904: **Martin Bauer**, DEQ, presented **Docket No. 58-0101-0904**, which is a proposed rule that requires construction of a new source or modification of an existing source that has potential Hg (mercury) emissions of 25 pounds per year or more to submit a permit application including a Mercury Best Available Control Technology analysis (MBACT). Sources that are already addressed by EPA's federal NESHAP, 40 CFR Part 63, regulations are exempt from this requirement. Additionally, a Tier II operating permit is required for any source that has actual mercury emissions in excess of 62 pounds per year. The Tier II application for this type of source must address MBACT for all sources of mercury at the facility.

This rule was initiated in response to a Petition filed by Idaho Conservation League and P4 Production, LLC (P4) and granted by the Board of Environmental Quality. This rule was negotiated by participants from environmental groups, industrial groups, environmental attorneys, tribal representatives, and interested citizens. It is believed that the only existing source that may be affected is P4 out of Soda Springs. Future new sources, or sources proposing to modify above the threshold amounts, may also be affected. Comments received were all in support of the rule.

This rule is not more stringent than federal law. Sources that are already under federal mercury rules are specifically exempt from this rule. This rule does address mercury emissions from sources whose mercury emissions are not regulated under federal law.

DEQ established a list of a few implementation scenarios which are available on their website. In addition to establishing this rule, DEQ is also proposing to delete what is now an obsolete existing mercury rule to avoid confusion. This strike out is in the toxic air pollutant tables.

Rep. Thompson asked about the rule which was adopted that banned coal fired power plants in Idaho. **Ms. Hardesty** clarified that there were two separate issues that occurred simultaneously: a coal fired power plant tried to get approval in Eastern Idaho and there was a legislative moratorium adopted. DEQ put in place a rule until such time as a more substantive rule could be adopted. Once that rule was adopted, DEQ was directed to delete the old rule. The mercury rule encompasses emissions that coal fired power plants may produce, so the rule will be removed.

Mr. Trent Clark, Public and Government Affairs Director, at Monsanto, reiterated that Monsanto and Idaho Conservation League were both in favor of adoption of the rule. He reviewed the reasons why P4 and Idaho Conservation League filed the Petition for Initiation of Rulemaking, and noted that the rule could create a more positive environment for future businesses coming into Idaho.

MOTION: **Rep. Anderson** moved to recommend approval of **Docket 58-0101-0904** to the full committee. **Motion carried on voice vote.**

Rep. DeMordaunt asked **Mr. Clark** if a Memorandum of Understanding (MOU) could achieve the same results as the rule. **Mr. Clark** said it wouldn't because an MOU would apply to only one industry, while the rule covers all industries.

SUBSTITUTE MOTION: **Rep. Nielsen** offered a **substitute motion** that the subcommittee recommend approval of **Docket 58-0101-0904** to the full committee, with a provision that a section be added to the rule to place a ban on coal fired power plants.

Mr. Dennis Stevenson, Office of the Administrative Rules Coordinator, clarified that this motion was not appropriate because a motion cannot be made to compel an agency to pursue a course of action.

Rep. Nielsen withdrew his motion.

By a **voice vote**, the original **motion carried**. **Representatives Nielsen and Vander Woude** requested to be recorded as voting **Nay**.

Docket No. 58-0101-1002: **Martin Bauer** said this rule is necessary to ensure that the Rules for the Control of Air Pollution remain consistent with federal regulations. This rule revises certain sections by deleting rule text that has become obsolete, and it also incorporates by reference the green house gas (GHG) tailoring rule. The tailoring rule is a rule that provides a phased-in approach to GHG permitting, and sets threshold applicability levels high enough to only affect large industrial sources. Without this rule, smaller threshold levels may have the affect of drawing hundreds of smaller sources into the permitting program, causing major burdens on both the permitting agencies and the smaller facilities.

In answer to questions, **Mr. Bauer** noted that some dairies probably emit large enough quantities to fall under this rule, but only if cattle were housed in a barn and emissions were expelled through a stack.

MOTION: **Rep. Nielsen** made a motion to reject **Docket 58-0101-1002**.

Ms. Hardesty informed the committee that if Idaho does not incorporate by reference the final federal rules, the federal rules will be enforced by the EPA, and the State will have no jurisdiction.

Rep. Nielsen withdrew his motion.

Chairman Harwood noted that the federal rules are currently being challenged in the courts, and asked what action the DEQ would take should the federal rules be struck down. **Ms. Hardesty** testified that the DEQ would go before the Board immediately and ask that the rules be removed.

MOTION: **Rep. Jaquet** moved to recommend approval of **Docket 58–0101–1002** to the full committee. **Motion carried on a voice vote.**

Chairman Harwood deferred the remaining six DEQ rules to another meeting.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 3:30 p.m.

Representative R. Harwood
Chair

Jana Filer
Secretary

AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
1:30 P.M.
Room EW41
Thursday, January 20, 2011

SUBJECT	DESCRIPTION	PRESENTER
	Approval of minutes from January 12, 2011	
	Presentation by Pacific NorthWest Economic Region (PNWER)	Matt Morrison

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Raybould

Vice Chair Harwood

Rep Anderson

Rep Eskridge

Rep Hartgen

Rep Simpson

Rep Vander Woude

Rep Block

Rep DeMordaunt

Rep Gibbs

Rep Nielsen

Rep Schaefer

Rep Thompson

Rep Smith(30)

Rep Jaquet

Rep Cronin

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MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Thursday, January 20, 2011

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs, Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** None

GUESTS: Courtney Washburn, Idaho Conservation League; Tony Smith, Sullivan, Reberger, & Eiguren; Dennis Stevenson, Office of the Administrative Rules Coordinator; Toni Hardesty, Orville Green, Doug Conde, Department of Environmental Quality; Paula Wilson, DEQ / Attorney General's office, John J. Williams, Bonneville Power Administration; Matt Morrison, PNWER Executive Director; Ian Burkheimer, PNWER Director of Partnerships; Rep. Mike Schaufler, Oregon; Hon. Jim Kenyon, Minister of Economic Development, Yukon Party; Wendy Baldwin, Consulate General of Canada; David Kettles, International and Intergovernmental Relations, Alberta, Canada

Meeting was called to order at 1:33 p.m. by **Chairman Raybould**.

MOTION: **Rep. Smith** moved to approve the minutes of the January 12, 2011, meeting as written. **Motion carried on voice vote.**

Rep. Eskridge introduced the guests from the Pacific NorthWest Economic Region (PNWER). **Matt Morrison** spoke to the committee about the Legislative Energy Horizon Institute (LEHI), a legislative boot camp designed to dramatically ramp up legislative knowledge on energy infrastructure. High turnover in legislatures decreases institutional knowledge of complex energy issues. PNWER asserts that complex issues associated with electricity, natural gas and petroleum infrastructure, regulation governing this infrastructure, and interdependencies are just some of the areas that legislators must understand to make responsible and informed policy decisions.

PNWER received a grant from the U.S. Department of Energy to launch LEHI, and then approached the National Conference of State Legislatures (NCSL) for its national presence, and the University of Idaho, which has a world renowned executive course for utilities. Businesses from the private sector were then recruited to act as Launch partners. The first class recruited to the Institute included lawmakers from several states, including **Reps. Hartgen and Cronin**, and two provinces in Canada. Mr. Morrison provided an overview of the results of the initial class, which were positive. He also informed the members how one is able to enroll in the upcoming sessions. Those members of the committee involved with PNWER and LEHI all expressed increased knowledge of energy issues and support the program's mission.

David Kettles made a presentation to inform the committee about Alberta, Canada's Oil Sands. The Oil Sands are a naturally occurring mixture of sand, clay, water and bitumen, a very heavy oil. Bitumen is separated from the sand and upgraded to refinery-ready crude oil. There are 170 billion barrels of recoverable oil; 80% are recoverable only through "in situ" production, 20% by mining. An additional 145 billion barrels are potentially recoverable; however, more favorable economic conditions or new technologies are needed. The benefits of investing in the technology, the impact to the environment, and the possible positive impact to the economy in the United States were all discussed. In answer to questions from the committee, Mr. Kettles noted that the current facility does not have any refining capacity, and environmental controls are comparable to those in the U.S.

Rep. Mike Schaufler, from Oregon's District 48, addressed the committee regarding Oregon and Idaho's shared concerns and struggles with balancing energy requirements and the environment.

Rep. Raybould shared a letter he received from a constituent. This letter requested that a member of the legislature sit on the DEQ's Technical Guidance Committee (TGC). The committee is comprised of 6 members appointed by the Director from several groups, and is in compliance with IDAPA 58.01.03.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 2:20 p.m.

Representative Raybould
Chair

Jana Filer
Secretary

AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
HARWOOD SUBCOMMITTEE
Administrative Rules
Upon Adjournment of the Full Committee
Room EW41
Thursday, January 20, 2011

DOCKET NO.	DESCRIPTION	PRESENTER
58-0105-1001	Rules and Standards for Hazardous Waste	Orville Green, Department of Environmental Quality
58-0123-0901	Rule of Administration Procedure before the Board of Environmental Quality	Doug Conde, Department of Environmental Quality

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

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Rep Dell Raybould
Rep Eric Anderson
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Rep Stephen Hartgen
Rep Erik Simpson
Rep John Vander Woude
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Rep Robert Schaefer
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Rep Brian Cronin

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MINUTES
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
HARWOOD SUBCOMMITTEE
Administrative Rules

DATE: Thursday, January 20, 2011

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Harwood, Representatives Raybould, Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs, Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** Representative(s) Anderson, Eskridge

GUESTS: Courtney Washburn, Idaho Conservation League; Tony Smith, Sullivan, Reberger, & Eiguren; Dennis Stevenson, Office of the Administrative Rules Coordinator; Toni Hardesty, Director, Department of Environmental Quality (DEQ); Orville Green, Waste Management and Remediation Division Administrator, DEQ; Doug Conde, Deputy Attorney General, DEQ; Paula Wilson, Attorney General's Office, DEQ; John J. Williams, Bonneville Power Administration

Meeting was called to order at 2:25 p.m. by **Chairman Harwood**.

Docket No. 58-0105-1001: **Orville Green**, Waste Management and Remediation Division Administrator, DEQ, noted this is a routine and annual process DEQ follows to adopt by reference changes made to the Federal rules. These changes are necessary to maintain primacy. In answer to questions, Mr. Green stated that the verbiage on page 98 is being stricken because the codes are no longer in the federal regulations.

MOTION: **Rep. Raybould** moved to recommend approval of **Docket No. 58-0105-1001** to the full committee. **Motion carried on voice vote.**

Docket No. 58-0123-0901: **Doug Conde**, Deputy Attorney General, DEQ, stated the proposed rule changes are being made for clarification purposes and to make them consistent with the Idaho Administrative Procedure Act and the Environmental Protection and Health Act. Upon questioning, Mr. Conde said the change from "otherwise" to "that good cause exists" on page 256 does not make it more difficult to file an appeal.

MOTION: **Rep. Nielsen** moved to recommend approval of **Docket No. 58-0123-0901** to the full committee. **Motion carried on voice vote.**

Rep. Raybould informed the committee that he received a letter, as requested, from DEQ Director, **Toni Hardesty**, outlining the agency's plans to repeal the 2006-2007 rules in anticipation of legislative approval of the development of air quality rules designed to limit and control mercury emissions from certain facilities. Along with the letter, Ms. Hardesty included the Proposed / Temporary Administrative Rules Form that will be filed upon legislative approval.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:58 p.m.

Representative R. Harwood
Chair

Jana Filer
Secretary

AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
Upon Adjournment of SubCommittee
Room EW41
Monday, January 24, 2011

SUBJECT	DESCRIPTION	PRESENTER
RS 19927	Crop Residue Burning fees	Toni Hardesty, Director, Department of Environmental Quality
RS 19996	Underground Storage Tank Penalty Requirements	Toni Hardesty
RS 20046C2	Water Quality Standards Revision	Toni Hardesty

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Raybould

Vice Chair Harwood

Rep Anderson

Rep Eskridge

Rep Hartgen

Rep Simpson

Rep Vander Woude

Rep Block

Rep DeMordaunt

Rep Gibbs

Rep Nielsen

Rep Schaefer

Rep Thompson

Rep Smith(30)

Rep Jaquet

Rep Cronin

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MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Monday, January 24, 2011

TIME: Upon adjournment of the Subcommittee

PLACE: Room EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs, Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** Representative(s) Anderson, Hartgen, Nielsen, Thompson, Smith(30)

GUESTS: Courtney Washburn, Idaho Conservation League; Dale Atkinson, Citizens of Idaho; Jack Lyman, Idaho Mining Association; Brenda Tominaga, Idaho Rural Water Association; Dennis Stevenson, Office of the Administrative Rules Coordinator; Lee Flinn, Conservation Voters; Toni Hardesty, Director, Department of Environmental Quality (DEQ); Martin Bauer, Orville Green, Doug Conde, Barry Burnell, Paula Wilson, DEQ; Pat Barclay, Executive Director, Idaho Council on Industry and the Environment; John Eaton, Idaho Association of Realtors; Tyler Mallard, Governor's Office; Roger Batt, Idaho/Eastern Oregon Seed Association, Nampa-Meridian Irrigation District; Norm Semanko, Jessica Barrie, Idaho Water Users Association; Benjamin Kelly, Nez Perce Prairie Grass Growers Association; Kent Lawson, Dennis Tanikuni, Idaho Farm Bureau Federation; Max W Pond, Risch Pisca; Miguel Legarreta, Ada County Association of Realtors; Suzanne Budge, SBS Associates; Dar Olberding, Idaho Grain Producers Association; Dave Goins, Idaho News Service

Chairman Raybould called the meeting to order at 3:11 p.m.

RS 19927: **Martin Bauer**, Department of Environmental Quality (DEQ) explained the one-sentence change, which was requested during meetings with farmers. The \$2.00 fee per acre to be burned would not apply to propane flaming, a method that is used by mint farmers.

MOTION: **Rep. Gibbs** moved to introduce **RS 19927**. **Motion carried on voice vote.**

RS 19996: **Orville Green**, DEQ, stated the penalty provisions in the current code don't agree with the EPA statutory penalties. Adopting the statutory penalties will enable the Idaho program to receive approval from the EPA. In answer to questions, Mr. Green clarified that the \$10,000 penalty mentioned is in Section 39-108.

Stating a possible conflict of interest, **Chairman Raybould** and **Rep. Gibbs** advised the Committee they are invoking House Rule 38 and will vote on this legislation.

Rep. Vander Woude also advised the Committee he is invoking House Rule 38 and will not vote.

MOTION: **Rep. Jaquet** moved to introduce **RS 19927**. **Motion carried on voice vote.**

RS 20046C2: **Rep. Raybould** stated that a companion rule was discussed at length in the Subcommittee meeting immediately proceeding this meeting. All members were involved in that presentation. In response to questions, **Dennis Stevenson**, Office of the Administrative Rules Coordinator, agreed to attend future meetings dealing with this piece of legislation.

MOTION: **Rep. Harwood** moved to introduce **RS 20046C2**. **Motion carried on voice vote.**

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 3:23 p.m.

Representative Raybould
Chair

Jana Filer
Secretary

AMENDED #1 AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
HARWOOD SUBCOMMITTEE
Administrative Rules
1:30 P.M.
Room EW41
Monday, January 24, 2011

DOCKET NO.	DESCRIPTION	PRESENTER
Docket No. 58-0102-1001	Water Quality Standards	Barry Burnell Department of Environmental Quality
Docket No. 58-0108-1001	Idaho Rules for Public Drinking Water	Barry Burnell
Docket No. 58-0117-1001	Rule for the Reclamation and Reuse of Municipal and Industrial Wastewater	Barry Burnell
Docket No. 58-0120-0901	Rule for Administration of Drinking Water Loan Program	Barry Burnell

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

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Rep Jeff Thompson

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MINUTES
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
HARWOOD SUBCOMMITTEE
Administrative Rules

DATE: Monday, January 24, 2011

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Harwood, Representatives Raybould, Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs, Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** Representative(s) Anderson, Smith(30)

GUESTS: Courtney Washburn, Idaho Conservation League; Dale Atkinson, Citizens of Idaho; Jack Lyman, Idaho Mining Association; Brenda Tominaga, Idaho Rural Water Association; Dennis Stevenson, Office of the Administrative Rules Coordinator; Lee Flinn, Conservation Voters; Toni Hardesty, Director, Department of Environmental Quality (DEQ); Martin Bauer, Orville Green, Doug Conde, Barry Burnell, Paula Wilson, DEQ; Pat Barclay, Executive Director, Idaho Council on Industry and the Environment; John Eaton, Idaho Association of Realtors; Tyler Mallard, Governor's Office; Roger Batt, Idaho/Eastern Oregon Seed Association, Nampa-Meridian Irrigation District; Norm Semanko, Jessica Barrie, Idaho Water Users Association; Benjamin Kelly, Nez Perce Prairie Grass Growers Association; Kent Lawson, Dennis Tanikuni, Idaho Farm Bureau Federation; Max W Pond, Risch Pisca; Miguel Legarreta, Ada County Association of Realtors; Suzanne Budge, SBS Associates; Dar Olberding, Idaho Grain Producers Association; Dave Goins, Idaho News Service

The meeting was called to order at 1:36 p.m. by **Chairman Harwood**.

Docket No. **Barry Burnell**, Water Quality Division Administrator, DEQ, stated that while the Idaho statute and current rules mirror the Federal Antidegradation Policy, neither clearly defines how to implement the policy. In 2009, Idaho Conservation League notified the EPA of their intent to file a lawsuit, prompting DEQ to take action. The lawsuit is pending the legislature's review of the rules and the proposed legislation. DEQ preferred to develop an implementation plan of its own, versus losing primacy to EPA. Additionally, EPA may opt for a pollutant by pollutant approach, instead of the watershed by watershed review that DEQ is proposing. Mr. Burnell reviewed the four main issues to be considered for the plan. The rules were developed to withstand court challenges, and the EPA will approve the rule.

58-0102-1001:

In answer to questions, Mr. Burnell noted the rule will not change any agricultural rules. The EPA is considering a multi-sector general permit which will include logging. Only activities that require a Federal permit to discharge are subject to the antidegradation rules. Cities expanding a sewage treatment plant may be subject to U.S. Army Corps of Engineers 401 permit requirements.

Norm Semanko, Executive Director and General Counsel for Idaho Water Users Association (IWUA), asked the Committee to consider several points in their discussions with DEQ. IWUA is most concerned about EPA's proposed Pesticide General Permit (PGP) and DEQ's draft antidegradation review and Section 401 water quality certification. DEQ's certification deadline for public comment is January 31, 2011, but they have stated that EPA's draft changes are significant, and may not be determined until February 14, 2011. If DEQ needs to revisit its review and certification after receiving the final permit from EPA, IWUA would like them to extend or reopen the public comment period. IWUA feels that DEQ's draft certification includes eight additional conditions above EPA's draft, and that this violate's Idaho's stringency requirements.

Dennis Stevenson, Office of the Administrative Rules Coordinator, confirmed that the rule could be held until sine die. Then, if proposed related legislation were to be enacted prior to sine die, the rule could be brought back before the committee, as long as the bill has an emergency provision.

MOTION: **Rep. Neilsen** moved to hold **Docket No. 58-0102-1001** to the call of the chair. **Motion carried on voice vote.**

Docket No. 58-0108-1001: **Barry Burnell** said the Drinking Water Advisory Committee (DWAC) recommended the changes, and the proposed rule reflects those recommendations. Changes provide consistency and clarity, and include many general corrections, such as spelling and renumbering. In answer to questions, Mr. Burnell noted that there is no additional fee for an extension or re-approval under Subsection 504.03. DEQ is not using the EPA Cross Connection Control Manual, and that reference is being deleted. The rule applies only to public water wells, not residential wells.

MOTION: **Rep. Jaquet** made a motion to recommend approval of **Docket No. 58-0108-1001** to the full committee. **Motion carried on voice vote, Representatives Eskridge and Harwood** requesting to be recorded as voting **Nay**.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 3:10 p.m.

Representative R. Harwood
Chair

Jana Filer
Secretary

AMENDED #2 AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
HARWOOD SUBCOMMITTEE
1:30 P.M.
Room EW41
Wednesday, January 26, 2011

DOCKET NO.	DESCRIPTION	PRESENTER
Docket No. 58-0117-1001	Rule for the Reclamation and Reuse of Municipal and Industrial Wastewater	Barry Burnell, Department of Environmental Quality
Docket No. 58-0120-0901	Rule for Administration of Drinking Water Loan Program	Barry Burnell

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman R. Harwood

Rep Raybould

Rep Anderson

Rep Eskridge

Rep Hartgen

Rep Simpson

Rep Vander Woude

Rep Block

Rep Mordaunt

Rep Gibbs

Rep Nielsen

Rep Schaefer

Rep Thompson

Rep Smith(30)

Rep Jaquet

Rep Cronin

COMMITTEE SECRETARY

Jana Filer

Room: EW16

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MINUTES
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
HARWOOD SUBCOMMITTEE
Administrative Rules

DATE: Wednesday, January 26, 2011

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Harwood, Representatives Raybould, Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs, Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** Representative(s) Nielsen

GUESTS: Toni Hardesty, Director, Department of Environmental Quality (DEQ); Barry Burnell, Paula Wilson, DEQ; Brad Hunt, Office of Administrative Rules; Brenda Tominaga, Idaho Rural Water Association

The meeting was called to order by **Chairman Harwood** at 1:33 p.m.

MOTION: **Rep. Thompson** moved to approve the minutes of the January 18, 2011, meeting as written. **Motion carried on voice vote.**

MOTION: **Rep. Smith(30)** moved to approve the minutes of January 20, 2011, meeting as written. **Motion carried on voice vote.**

Docket No. 58-0117-1001: **Barry Burnell**, DEQ, stated this rule was initiated at the request of regulated facilities and consultants, and suggestions were made by DEQ staff who routinely use the rules. It will eliminate redundancy with current wastewater rules. DEQ believes changing the name from Reclamation and Reuse of Municipal and Industrial Wastewater to Recycled Water Rules more closely matches the intent of the rule. Along with clerical corrections, the rule addresses permit transfers and closure plans, revises municipal classes of wastewater and revises discharge requirements for recycled water to a rapid infiltration system.

In response to questions, Mr. Burnell noted that there are 130 permittees, and they are all required to provide DEQ with an annual report which, in part, describes the uses of treated wastewater. The various levels of treated wastewater have different approved uses, and DEQ performs spot checks of all facilities. DEQ believes there will be cost savings, plus more flexibility for cities because the redundant full dual treatment requirement is eliminated. The highly technical requirements, such as descriptions of classes of wastewater, are outlined in guidance.

MOTION: **Rep. Hartgen** moved to recommend approval of **Docket No. 58-0117-1001** to the full committee. **Motion carried on voice vote.**

Docket No. 58-0120-0901: **Barry Burnell**, DEQ, stated this fee rule was presented as a Temporary Rule to the 2010 legislature. It is necessary because the level of Federal support for administering the Drinking Water State Revolving Funds (DWSRF) Loan Program has been static while staff time needed to administer the program is growing. Removal of State general fund support for facility planning grants necessitated generating an alternative source of funding. The fees represent no additional loan repayment burden to the municipality as they are offset by reducing the loan interest rate. This rule was drafted using the Wastewater Loan Fee Program rule as a model.

In response to questions, Mr. Burnell stated the loan fees would vary because any carry-over funds would help to determine loan fees going forward; however, the loan fee is capped at one hundred basis points (1.00%). This is not a way for DEQ to increase its annual budget, and the DWSRF loan program is audited by EPA and Legislative Services annually.

MOTION: **Rep. Jaquet** moved to recommend approval of **Docket No. 58-0120-0901** to the full committee. **Motion carried on voice vote.**

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 2:31 p.m.

Representative R. Harwood
Chair

Jana Filer
Secretary

AMENDED #3 AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
1:30 P.M.
Room EW41
Wednesday, February 02, 2011

SUBJECT	DESCRIPTION	PRESENTER
	Report from Harwood Subcommittee on Rules <u>Rules from Department of Environmental Quality</u> (approved by Subcommittee)	Rep. Harwood
58-0101-0904	Pending rule on air pollution	
58-0101-1002	Pending rule on air pollution	
58-0105-1001	Pending rule on hazardous waste	
58-0123-0901	Pending rule on administration procedure	
58-0108-1001	Pending rule on public drinking water	
58-0117-1001	Pending rule on municipal and industrial wastewater	
58-0120-0901	Fee rule on drinking water loan program	
<u>RS20209</u>	Byproduct material clarification	Roy Eiguren, US Ecology
<u>RS20229</u>	Legislative Council interim committee	Rep. George Eskridge
<u>H 40</u>	Environmental Quality / Crop Residue Burning	Martin Bauer, Department of Environmental Quality
<u>H 41</u>	Underground Storage Tanks / Penalties	Orville Green, Department of Environmental Quality
	Idaho National Laboratory Presentation	Rick Provencher, Department of Energy

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Raybould

Vice Chair Harwood

Rep Anderson

Rep Eskridge

Rep Hartgen

Rep Simpson

Rep Vander Woude

Rep Block

Rep DeMordaunt

Rep Gibbs

Rep Nielsen

Rep Schaefer

Rep Thompson

Rep Smith(30)

Rep Jaquet

Rep Cronin

COMMITTEE SECRETARY

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MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Wednesday, February 02, 2011

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs (Wheeler), Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** Representative Schaefer

GUESTS: Martin Bauer and Orville Green, Department of Environmental Quality (DEQ); Paula Wilson, Paralegal, Attorney General / DEQ; Roger Batt, Food Producers / Idaho Mint Growers Association; Courtney Washburn, Idaho Conservation League; Brenda Tominaga, Idaho Rural Water Association; Bob Uebelher, Connolly & Smyser, Ctd.; Renee Sinclair, Apple, Inc.; Mike Friddle and Kent Lauer, Idaho Farm Bureau Federation; Scott Nichols, US Geothermal; Emily Patchin, Gallatin Public Affairs; Natalie Tippet, Governor's Office; Beth Markley, Idaho Council on Industry and Environment; Roy Eiguren, Counsel, US Ecology; Brian Whitlock and Richard Provencher, US Department of Energy / Idaho National Laboratory

Chairman Raybould called the meeting to order at 1:30 p.m.

MOTION: **Rep. Thompson** moved to approve the minutes of the January 20, 2011, meeting as written. **Motion carried on voice vote.**

MOTION: **Vice Chairman Harwood** moved to approve the minutes of the January 24, 2011, meeting as written. **Motion carried on voice vote.**

MOTION: **Rep. Smith(30)** moved to approve the minutes of the Harwood Subcommittee January 26, 2011, meeting as written. **Motion carried on voice vote** of Subcommittee members.

Rep. Harwood, Subcommittee Chairman on Administrative Rules presented **Docket Nos. 58-0101-0904, 58-0101-1002, 58-0105-1001, 58-0123-0901, 58-0108-1001, 58-0117-1001, 58-0120-0901**, Department of Environmental Quality (DEQ) rules. He reported that all rules listed above were recommended by the Subcommittee for approval. The Subcommittee recommends that **Docket No. 58-0102-1001**, Water Quality Standards, DEQ, be held in its entirety to the call of the chair.

MOTION: **Vice Chairman Harwood** moved to approve **Docket Nos. 58-0101-0904, 58-0101-1002, 58-0105-1001, 58-0123-0901, 58-0108-1001, 58-0117-1001, 58-0120-0901** and to hold **Docket No. 58-0102-1001** to the call of the chair. **Motion carried on voice vote.**

RS 20209: **Roy Eiguren** informed the Committee that he is representing U.S. Ecology. It is one of only eighteen facilities of its kind in the United States, and one of the largest. U.S. Ecology is located in Grandview, Idaho, and accepts a variety of waste products. This proposal will not expand the types of waste that are accepted, rather it will allow U.S. Ecology to continue to accept low-activity radium contamination soil. Mr. Eiguren noted that both DEQ and the Attorney General's office assisted in the preparation of the proposal.

In response to questions, Mr. Eiguren stated that the five dollar (\$5.00) tax per ton has been in place since 1984, and is not a new tax. The fiscal impact would be negative if this amendment is not adopted. It is estimated that the General Fund currently receives one-hundred thousand dollars (\$100,000) in taxes from the processing of this type of soil.

MOTION: **Rep. Nielsen** moved to introduce **RS 20209**. **Motion carried on voice vote.**

RS 20229: **Rep. Eskridge** stated that the Legislative Council, by concurrent resolution, has appointed a Committee to help educate the legislative body about energy related issues, i.e. cap and trade, renewable energy and continuing changes in environmental and technological issues. Over the past fourteen years, this Committee provided substantive advice to the legislature. In response to questions, Rep. Eskridge noted that the Integrated State Energy Plan (ISEP) will be studied by the Committee. The ISEP should be updated every five years. The Committee's report is posted on the Legislative website for all legislators and the public to review.

MOTION: **Vice Chairman Harwood** moved to introduce **RS 20229** and send it to the second reading calendar. **Motion carried on voice vote.** **Rep. Eskridge** will sponsor the bill on the floor.

H 40: **Martin Bauer**, DEQ, noted in 2007 a Ninth Circuit Court of Appeals ruling prohibited agricultural burning in Idaho. After negotiations, promulgation of rules, and EPA approval of Idaho's State Implementation Plan, crop residue burning was restored to the entire state. In 2010, farmers petitioned DEQ to review the "mint blanching" process, and address streamlining propane flaming, broken hay bale burns, and small spot burns.

This amended legislation is the first step needed to streamline propane flaming of crops through rule making, and the elimination of fees for propane flaming. If approved, DEQ will adopt temporary rules to submit to EPA for approval. DEQ would then bring the rules to this committee for approval.

In response to questions, Mr. Bauer stated that there would be very little impact to air quality because there is little or no smoke involved. The level of residue loading that would be allowed under the proposal was discussed. Permits are still required for other types of crop residue burning.

Roger Batt, Idaho Mint Growers Association (IMGA) , told the Committee that IMGA was involved in the negotiations and rules process. IMGA asks for the support of this legislation by the Committee.

MOTION: **Vice Chairman Harwood** moved to send **H 40** to the floor with a **DO PASS** recommendation. **Motion carried on voice vote.** **Vice Chairman Harwood** will sponsor the bill on the floor.

H 41: **Orville Green**, DEQ, stated that the Energy Policy Act of 2005 included the Underground Storage Tank Compliance Act, which required states receiving federal funding to comply with the requirements of the federal law. The rules adopted by DEQ in 2007 could not be more broad or stringent than EPA regulations. DEQ requested that EPA grant them primacy in regulating the underground storage tanks in Idaho, and the last step to achieving this is adopting the same penalties.

In response to questions, Mr. Green stated the most common violations include failure to maintain gauge records, failure to maintain financial coverage (insurance), and not installing and maintaining corrosion protection. He noted that most violations deal with paperwork lapses, and that penalties range between one hundred to two hundred dollars. Adopting the same penalties as EPA would not necessarily mean the higher penalties would be assessed. DEQ focuses on training, and penalties may be forgiven if violations are promptly corrected.

Stating a possible conflict of interest, **Chairman Raybould and Rep. Vander Woude** advised the Committee that they are invoking House Rule 38 and will vote on this legislation.

MOTION: **Rep. Cronin** moved to send **H 41** to the floor with a **DO PASS** recommendation. **Motion carried on voice vote. Rep. Cronin** will sponsor the bill on the floor.

Brian Whitlock, Government Affairs, Idaho National Laboratory (INL) introduced **Richard Provencher**, also of INL. Mr. Provencher gave an update to the Committee regarding INL activities. The update included information about the Idaho Cleanup Project, as well as INL's research and development objectives and funding. INL's research programs encompass nuclear energy, national and homeland security, as well as non-traditional energy generation and the environment. Mr. Provencher spoke about the 2011 National Defense Authorization Act which authorizes Department of Energy (DOE) to establish "energy parks", innovative energy projects at DOE sites. He also highlighted the INL Ten-Year Site Plan, which provides the Ten-Year End State Vision. The Committee was updated regarding planned Research and Education Campus expansion, and the i-STEM education programs. The wide economic impact of INL was highlighted, and Mr. Provencher noted that INL remains Eastern Idaho's largest employer. Implementation strategies, cost estimates, and the details are expected to evolve as projects mature with implementation of the vision.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 3:17 p.m.

Representative Raybould
Chair

Jana Filer
Secretary

AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
1:30 P.M.
Room EW41
Tuesday, February 08, 2011

SUBJECT	DESCRIPTION	PRESENTER
H 93	Definition of "Restricted Hazardous Waste"	Roy Lewis Eiguren, Counsel, US Ecology
	Overview Presentation - US Ecology Corporation	Jim Baumgardner, President & CEO, US Ecology
		Terry Geis, General Manager / Grandview Facility, US Ecology
		Roy Lewis Eiguren, Counsel

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Raybould

Vice Chair Harwood

Rep Anderson

Rep Eskridge

Rep Hartgen

Rep Simpson

Rep Vander Woude

Rep Block

Rep DeMordaunt

Rep Gibbs

Rep Nielsen

Rep Schaefer

Rep Thompson

Rep Smith(30)

Rep Jaquet

Rep Cronin

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MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Tuesday, February 08, 2011

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs (Wheeler), Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** Representative(s) Smith(30)

GUESTS: Jim Baumgardner, President and CEO, US Ecology, Inc.; Simon Bell, VP of Operations, US Ecology, Inc.; Terry Andrew Geis, Idaho General Manager, US Ecology, Inc.; Joseph Weismann, US Ecology, Inc.; Orville Green, Department of Environmental Quality (DEQ); Roger Seiber, Capitol West; Roy Lewis Eiguren,

MOTION: **Chairman Raybould** called the meeting to order at 1:31 p.m.

Rep. Thompson moved to approve the minutes of the February 2, 2011, meeting with the following correction: On page 1, last paragraph, "United State" should read "United States". **Motion carried on voice vote.**

Jim Baumgardner, President and CEO, **Simon Bell**, VP of Operations, and **Terry Andrew Geis**, Idaho General Manager, US Ecology, Inc. (USEI) gave an update to the Committee regarding the company. The company employs one hundred four people in Idaho and handles transportation logistics, treatment, and disposal of hazardous waste. Mr. Baumgardner reported on the economic benefit to Idaho, along with recent capital investments made in Idaho. State and County fees paid by USEI for 2011 are estimated to be two million dollars. A Blainville, Quebec, Canada, facility specializing in difficult to treat waste streams was purchased in 2010. The layout of the site ten miles outside Grandview, as well as its geological and hydrogeological properties were discussed. The geological makeup of the site should allow the site to continue operating for many years to come. The company maintains a rail transfer station, which affords indoor protection during transfers to trucks. Trucks then travel Simco Road to the site. Refineries, steel mills and manufacturing plants are USEI customers; the largest customer being the US Army Corps of Engineers.

In answer to questions, USEI, reported that they have spent approximately \$1.4 million for the 15 mile roadway from their rail station to the Grandview facility, with another \$200,000 to \$250,000 being appropriated each year to aid the highway district in maintaining the road. He spoke of the cooperative relationship between USEI and the DEQ.

The Committee heard from **Orville Green** of the DEQ. Mr. Green clarified that approximately fifteen employees are dedicated to overseeing hazardous waste activity and writing permits in Idaho. The Committee discussed the DEQ budget and how funds are appropriated from the General Fund.

H 93: **Roy Lewis Eiguren**, representing US Ecology, Inc. (USEI), stated this bill will revise the definition of "restricted hazardous waste". The Committee discussed the types of waste that may be accepted at the Grandview site, restricted hazardous waste not being one of them. The passage of this legislation will not alter the types of waste coming into the site, which are comprised of exempt, low-activity radioactive materials in soils and some debris. **Mr. Bell** agreed that the legislation is a preemptive response to anticipated Nuclear Regulatory Commission (NRC) changes, but the company does not want to experience any interruption of business if new designations are adopted by the NRC. If this legislation does not pass, an estimated decline in tipping fees of approximately one hundred thousand dollars could occur.

MOTION: **Rep. Hartgen** move to send **H 93** to the floor with a **DO PASS** recommendation. **Motion carried on voice vote. Rep. Hartgen** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 2:20 p.m.

Representative Raybould
Chair

Jana Filer
Secretary

AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
1:30 P.M.
Room EW41
Thursday, February 10, 2011

SUBJECT	DESCRIPTION	PRESENTER
<u>RS20340</u>	Water Quality	Rep. Dell Raybould
	<u>Energy Efficiency Panel</u> Introductions, Rep. Jaquet	
	Energy Efficiency Program under the Northwest Power Act of 1980	John Williams, Bonneville Power Admin.
	Incentive Programs	Theresa Drake, Idaho Power
	A Long-Term Commitment to Energy Efficiency	Bruce Folsom, Avista
	Incentive Programs	Carol Hunter, Rocky Mountain Power
	Utilizing Stimulus Funds for Energy Efficiencies in Schools	Paul Kjellander, Office of Energy Resources
	Energy Efficiency and Conservation Report from Task Force	Kevin Dan Den Wymelenberg, Idaho Strategic Energy Alliance
	Energy Opportunities from a Business Perspective	Paul Zasada, McKinstry
	Residential Barriers to Energy Efficient Technologies	Kelsey Nunez, Idaho Energy Collaborative
	Innovation Encouraging Energy Efficiency	David Kirkland, OPOWER

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Raybould

Vice Chair Harwood

Rep Anderson

Rep Eskridge

Rep Hartgen

Rep Simpson

Rep Vander Woude

Rep Block

Rep DeMordaunt

Rep Gibbs

Rep Nielsen

Rep Schaefer

Rep Thompson

Rep Smith(30)

Rep Jaquet

Rep Cronin

COMMITTEE SECRETARY

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MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Thursday, February 10, 2011

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs (Wheeler), Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** Representative(s) Smith(30), Cronin

GUESTS: John Chatburn, Sue Seifert, Idaho Office of Energy Resources; Jayson Ronk, Idaho Association of Commerce and Industry; Dave Goins, Idaho News Service; Theresa Drake, Rich Hahn, Idaho Power; John J Williams, Bonneville Power Administration; Ken Baker, Idaho State Energy Alliance; Kelsey Nunez, Idaho Energy Collaboration; Justin Hayes, Courtney Washburn, Idaho Conservation League; Leif Elgethun, US Green Building Council Idaho; Paul Zasada, McKinstry; Jeff Lyng, David Kirkland, OPOWER; Lynn Tominaga, Idaho Ground Water Appropriators, Inc.; Dennis Tanikuni, Idaho Farm Bureau Federation; Brenda Tominaga, Idaho Irrigation Pumpers Association, Inc.; Ken Miller, Snake River Alliance; Pat Barclay, Beth Markley, Idaho Council on Industry and the Environment; Jack Lyman, Idaho Mining Association; Jane DeChambeau, Cristina Walswoan, Idaho Small Business Development Center; Dar Olberding, Idaho Grain Producers Association; Shirley Lindstrom, Northwest Power and Conservation Council; Neil Colwell, Avista Corp.; Elizabeth Criner, JR Simplot Co.; Bruce Folsom, Avista; Carol Hunter, Rocky Mountain Power; Paul Kjellander, Office of Energy Resources

Chairman Raybould called the meeting to order at 1:31 p.m.

MOTION: **Rep. Harwood** moved to approved the minutes of the February 8, 2011, meeting as written. **Motion carried on voice vote.**

RS 20340: **Rep. Raybould** asked **Jason Ronk** to address the committee on behalf of Idaho Association of Commerce and Industry (IACI). Mr. Ronk stated that IACI believes the changes proposed in this legislation meet all standards of antidegradation, while still allowing businesses to continue to operate. He also noted IACI worked with DEQ throughout the rulemaking process.

MOTION: **Rep. Harwood** moved to introduce RS 20340. **Motion carried on voice vote.**

Chairman Raybould recognized and thanked **Rep. Jaquet** for her efforts in organizing the presentations being made.

Carol Hunter, Rocky Mountain Power, spoke to the Committee about the energy efficiency, education and outreach programs offered by Rocky Mountain Power. The air conditioning and irrigation programs offer incentives to trigger change in consumption. While irrigators are not required to participate in the program, many are learning to optimize their energy use while earning incentives. She noted that transmission is a challenge in wind energy.

John J. Williams, Bonneville Power Administration (BPA), stated that while acquired energy efficiency is the Pacific Northwest's (PNW) third-largest resource, it must be cost effective. Since 1978 Utility & BPA programs, energy codes and federal efficiency standards have produced 4300 aMW of savings, which helped

lower PNW's CO₂ emission by an estimated nineteen million tons in 2009. He noted that utility cost of conservation continues to decrease, and reviewed the current objectives under the 6th Power Plan for energy efficiency in the PNW, and strategies to meet those targets. Mr. Williams also reported that BPA works with many smaller utilities that don't have conservation staff.

Idaho Power's **Theresa Drake** shared a map of their service territory, which encompassed 492,073 customers at year end 2010. She reviewed the energy efficiency objectives, which include providing customers with programs and information to help them manage energy usage. Idaho Power helps customers with conservation, believing those efforts will result in lower costs for energy resources.

In response to questions, Ms. Drake noted that Idaho Power does not use data collected from demand response programs to target customers for merchandising, nor do they share information with retailers or other marketers.

Bruce Folsom presented information about Avista, one of fourteen funding utilities of the Northwest Energy Efficiency Alliance, which was founded in 1978. Avista's 2010 Energy Efficiency Results were reviewed. Mr. Folsom reported that up to 75% of the Alliance's budget is returned to customers in the form of rebates and incentives. The many residential and commercial/industrial programs offered by Avista were discussed. Avista is very active in the communities it serves, and offers many low-cost or no-cost programs, the benefits of which are hard to capture.

Paul Kjellander, Office of Energy Resources, updated the Committee on the Energy Efficiency & Renewable Energy Loan Program, which currently has 83 open loans worth \$890,000. Mr. Kjellander reported the activities that have been completed or are in process as a result of the American Recovery and Reinvestment Act. Almost 900 K-12 public schools have received energy audits and/or HVAC tune-ups. Over 150 school buildings will receive energy efficient lighting upgrades in 2011. These upgrades will save taxpayers money in energy costs. Several other projects, block grants, and additional grant programs were also reviewed.

In response to questions, Mr. Kjellander stated that the Borah Building project is not a performance contract, rather funding came from stimulus money.

Mr. Kjellander informed the committee that **Kevin Dan Den Wymelenberg** from Idaho Strategic Energy Alliance was not able to attend this meeting. **Mr. Kjellander** informed the Committee about the Energy Efficiency Research Institute, a project that is supported by **Governor Otter**.

Paul Zasada, McKinstry, highlighted two of the most significant benefits from recent McKinstry energy projects: creation of jobs and reduction of energy and operations costs, saving the taxpayer money by utilizing these savings to offset the costs of projects. The company currently has 40 employees living in Idaho, and will add two positions in 2011 to its Boise office. He updated the Committee regarding projects for University of Idaho and the Caldwell School District. He also recognized that Idaho Power, Avista and Rocky Mountain Power have been important partners in these projects.

Mr. Zasada stressed that Idaho has a unique situation in that communities wanting to pursue an energy project have to obtain 2/3 approval from the voters, even though the project is self-funded. A recent change to the constitution allows hospitals and airports to pursue self-funded projects without incurring the expense of going to the voters for approval for each project. This same type of opportunity should be explored for Energy Saving Performance Contracts meeting the same criteria.

Kelsey Nunez, Idaho Energy Collaborative, put forth three possible barriers to achieving energy efficiency. Lack of time, or being too busy, causes one to do nothing. Lack of knowledge may be a barrier because one doesn't see how much may be saved, and a lot of energy efficient products are hidden in walls or floors. Ms. Nunez noted that real estate appraisals are starting to be modified to account for those products. Many have a perceived lack of money, but this may be because right now Idaho is fortunate to have low energy costs. She stated that the legislature can help by promulgating market-based incentives, adopting new energy codes and enhancing current energy codes.

The Committee learned of OPOWER's energy efficiency products and tools from **David Kirkland**. OPOWER offers utility companies products to provide insight to its customers, which can lead to engagement and action to increase energy efficiency in the home. The Home Energy Report is individualized, arrives around five days after the utility bill, and gives comparisons to neighborhood peers, which may elicit an emotional response to act. HVAC systems account for up to 60% of total energy used, and the most common and effective behavior change is the use of thermostat controls.

ADJOURN: There being no further business to come before the Committee, meeting was adjourned at 3:27 p.m.

Representative Raybould
Chair

Jana Filer
Secretary

AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
2:30 P.M.
Room EW41
Monday, February 14, 2011

SUBJECT	DESCRIPTION	PRESENTER
	BRIDGE Energy Group, Inc. Status Update	Steve West, Representing BRIDGE Energy Group, Inc.

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Raybould

Vice Chair Harwood

Rep Anderson

Rep Eskridge

Rep Hartgen

Rep Simpson

Rep Vander Woude

Rep Block

Rep DeMordaunt

Rep Gibbs (Wheeler)

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Rep Cronin

COMMITTEE SECRETARY

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MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Monday, February 14, 2011

TIME: 2:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs (Wheeler), Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** Representative(s) Block, Schaefer

GUESTS: John Chatburn, Office of Energy Resources, Dan Goicoechea, State Controller's Office; Eric Wilson, Idaho Department of Lands; Kyle Wilson; Steve West, Kim Parsons, Jodie West, BRIDGE Energy Group;

Chairman Raybould called the meeting to order at 2:35 p.m.

Steve West introduced **Kim Parsons**, Manager of Exploration at BRIDGE Energy Group (BEG). BEG owns the first working gas field in Idaho, with 11 completed wells in the western Idaho basin, and employs 200 people. The company is at a critical point in its drilling operations, and is proposing performing mini hydraulic fracturing (mini-fracks) on 4 of its 7 viable gas wells. The mini-fracks would be at 3% of the volume of shale hydraulic fracturing (large fracks) being done in California, Texas and Arkansas. Ms. Parsons explained the technical mechanics of mini-fracking. The analogy given likened large fracks to constructing hallways in a building, mini-fracks as opening the doors in the hallways to allow for the flow of gas. Ms. Parson also explained safety procedures, including engineering redundancy and physical barriers to protect subsurface aquifers and surface operations.

In response to questions, **Mr. West** stated that environmental issues are virtually nonexistent, and that regulatory records show mini-fracking to be safe and effective. The Environmental Protection Agency has not raised any concerns with the mini-fracks. About 80% of the water is recoverable and disposal procedures would follow all federal and/or state laws. **Ms. Parsons** noted that it is much more economically practical to mini-frack versus drilling new wells along side the existing, unproductive wells. Viable gas production will provide economic benefit to the state in form of royalties and severance taxes.

Rep. Cronin reminded the Committee that last year he specifically asked representatives of BEG if fracking would be done and the answer was an emphatic no. He asked if the Committee has BEG's commitment that they will not be performing large-scale fracking. **Ms. Parsons** assured the Committee that BEG will follow all applicable rules and statutes, none of which, at this time, allow large-scale fracking.

Jodie West, Manger of Land Acquisitions at BEG, spoke to the ownership of the wells, minerals, surface ownership, etc. She also stated that Idaho Department of Lands, along with Idaho Department of Water Resources, has jurisdiction over land acquisitions.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 3:37 p.m.

Representative Raybould
Chair

Jana Filer
Secretary

AMENDED #2 AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
1:30 P.M.
Room EW41
Wednesday, February 16, 2011

SUBJECT	DESCRIPTION	PRESENTER
Docket No. 58-0102-1001	Water Quality Standards	Barry Burnell, Department of Environmental Quality
H 153	Relating to Water Quality Presentation - Northwest Power and Conservation Council	Chairman Raybould James A Yost, Council Member

COMMITTEE MEMBERS

Chairman Raybould

Vice Chair Harwood

Rep Anderson

Rep Eskridge

Rep Hartgen

Rep Simpson

Rep Vander Woude

Rep Block

Rep DeMordaunt

Rep Gibbs (Wheeler)

Rep Nielsen

Rep Schaefer

Rep Thompson

Rep Smith(30)

Rep Jaquet

Rep Cronin

COMMITTEE SECRETARY

Jana Filer

Room: EW16

Phone: (208) 332-1128

email: jfiler@house.idaho.gov

MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Wednesday, February 16, 2011

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs (Wheeler), Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** None

GUESTS: Justin Hayes, Program Director, Idaho Conservation League; Dale Atkinson, Citizens of Idaho; Jack Lyman, Idaho Mining Association; Lynn Tominaga, Idaho Ground Water Appropriators, Inc.; Amy Holly, Sullivan, Reberger, & Eiguren; Dennis Stevenson, Office of the Administrative Rules Coordinator; Barry Burnell, Department of Environmental Quality; Dennis Tanikuni and Davin Ascuena, Idaho Farm Bureau Federation; Pat Barclay, Idaho Council on Industry and the Environment; Bonnie Butler and Tyler Mallard, Governor's Office; Mark Duffin, Idaho Sugar Beet Growers Association; Elizabeth Criner, Northwest Food Processors Association; Miguel Legarreta, Ada County Association of Realtors; Alan Prouty, Chairman, Environment Committee, Idaho Association of Commerce and Industry; James A Yost, Council Member, Northwest Power and Conservation Council

Chairman Raybould called the meeting to order at 1:34 p.m.

Docket No. 58-0102-1001: **Barry Burnell**, Department of Environmental Quality (DEQ), reminded the Committee of the need for this rule. The Clean Water Act required the creation of an antidegradation policy, along with implementation procedures for that policy. A lawsuit filed by Idaho Conservation League prompted DEQ to act. The rule creates three tiers of water classification and changes the definition of lower water quality. Mr. Burnell noted the rule only applies to those waters that are subject to the Clean Water Act, and which have permitting activities on them.

DEQ staff, Idaho Association of Commerce and Industry (IACI) members, and representatives from Idaho Ground Water Appropriators met to review two areas of the rule that were deemed detrimental, and to develop alternative language. Subsequent meetings did not include municipalities because cities are not affected by this rule.

Alan Prouty, Chairman, Environment Committee, Idaho Association of Commerce and Industry, who is employed by J.R. Simplot Company, stated that this is a very substantive change to Idaho water quality rules affecting discharge permits. Significant effort by DEQ and regulated industry was expended to arrive at a rule that provides necessary regulation and is workable for industry.

ORIGINAL MOTION: **Rep. Hartgen** moved to approve **Docket No. 58-0102-1001**, with the following exceptions: Section 010.19, Section 052.03, Section 052.05, and Section 052.08a.

Rep. Jaquet voiced concern that not all members of the Committee had the same level of knowledge surrounding the rule. In response to questions, **Mr. Prouty** explained that if the rule is approved, but the companion legislation to be heard by the Committee today fails, the permitting process would be much more difficult because there would be no definition of "insignificant" discharge. The general

permit section is not affected by the rule or the bill. **Mr. Burnell** stated that there is no pesticide rule being presented to the Committee this year. Also, "navigable water" is defined in the Clean Water Act, Section 301.06.

**SUBSTITUTE
MOTION:**

Rep. Jaquet offered a Substitute Motion to hold **Docket No. 58-0102-1001** in committee.

Barry Burnell reminded the Committee that permits issued could be more stringent than necessary if the rule and companion legislation are not passed. It was also noted that EPA will not approve a temporary rule, only a permanent rule that has been approved by the Legislature.

**VOTE ON
SUBSTITUTE
MOTION:**

Chairman Raybould called for a vote on the Substitute Motion to hold **Docket No. 58-0102-1001** in committee. **Motion failed on voice vote.**

**VOTE ON
ORIGINAL
MOTION:**

Chairman Raybould called for a vote on the motion to approve **Docket No. 58-0102-1001**, with the following exceptions: Section 010.19, Section 052.03, Section 052.05, and Section 052.08a. **Motion carried on voice vote. Reps. Smith, Jaquet, and Cronin** requested that they be recorded as voting **NAY**.

H 153:

Alan Prouty explained the changes in the bill and why they are necessary to implement the rule just passed. He noted the bill provides language that replaces the rejected portions of the rule. The language of the bill was drafted with feedback from DEQ.

In answering questions from the Committee, Mr. Prouty noted that using July 1, 2011, as a baseline for determining insignificance does not affect the requirement that assimilative capacity is not decreased by more than ten percent. A Total Maximum Daily Load or other regulatory mechanism would be put into place to assure no further degradation. The legislation applies to existing sources if discharge levels are increased.

Barry Burnell, DEQ, reviewed the policy-change additions. He explained how ambient concentration is used to help determine insignificance, and that assimilation levels will still be 90%.

Justin Hayes, Program Director, Idaho Conservation League (ICL), testified in opposition to **H 153**. He noted that ICL has been involved extensively in previous rulemaking meetings with DEQ. It is the position of ICL that neither the rule, nor the legislation will satisfy EPA requirements. The Committee asked if ICL believes it is good public policy to challenge the rule and threaten a lawsuit against DEQ prior to a ruling by EPA. Mr. Hayes stated that the rule and legislation are not sufficiently protective of the public's interests, and ICL is not comfortable with the content.

When asked to list the most troublesome aspects, **Mr. Hayes** stated that the changes outlined by **Mr. Burnell** are wide-sweeping and are all troublesome. He also noted that ICL would challenge the changes even if EPA approves, because experience has shown that agencies often do not get things right and the only avenue available is the court system.

Lynn Tominaga, on behalf of Idaho Ground Water Appropriators, Inc. (IGWA), testified in support of **H 153**. He noted that Idaho Rural Water Association (IRWA) members have just recently been advised of the rule and legislation, and he anticipates receiving positive feedback. IRWA is comprised of cities of 10,000 people or less. IGWA was involved in the rulemaking meetings with DEQ, and he noted that ICL will sue regardless of action taken by the state.

MOTION: **Rep. Nielsen** moved to send **H 153** to the floor with a **DO PASS** recommendation. **Motion carried on voice vote. Chairman Raybould** will sponsor the bill on the floor.

James A Yost, Council Member, Northwest Power and Conservation Council, updated the Committee regarding the capacity and capability levels of the region and Idaho Power Company. He stressed that conservation, along with efficiency, is a high priority. Wind power, geothermal, and other smaller-scale renewables should be explored, when available, at the local level.

In response to questions, Mr. Yost noted that transmission limitations make selling wind energy to other markets unfeasible. There have been some strides made on new transmission lines; however, the "not in my back yard" sentiment is the main stumbling block. He stated that Tradable Renewable Energy Credits and wind integration are two main issues facing the industry. There was discussion regarding peaking capacity shortfalls.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 3:36 p.m.

Representative Raybould
Chair

Jana Filer
Secretary

AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
1:30 P.M.
Room EW41
Tuesday, February 22, 2011

SUBJECT	DESCRIPTION	PRESENTER
<u>RS20459</u>	Department of Environmental Quality - rules rejection	Rep. Stephen Hartgen
<u>S 1058</u>	Relating to Board of Environmental Quality Presentation - Idaho Council on Industry and the Environment	Rep. Jeff Thompson Pat Barclay, Idaho Council on Industry and the Environment

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Raybould

Vice Chair Harwood

Rep Anderson

Rep Eskridge

Rep Hartgen

Rep Simpson

Rep Vander Woude

Rep Block

Rep DeMordaunt

Rep Gibbs

Rep Nielsen

Rep Schaefer

Rep Thompson

Rep Smith(30)

Rep Jaquet

Rep Cronin

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MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Tuesday, February 22, 2011

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs (Wheeler), Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** None

GUESTS: Jack Lyman, Idaho Mining Association; Dave Hutchison, CH₂M-WG, Idaho; Jenise Eskridge; Linda Gibbs; Joe Gibbs; Dennis Tanikuni, Idaho Farm Bureau Federation; Courtney Washburn, Idaho Conservation League; Pat Barclay, Idaho Council on Industry and the Environment; Dennis Stevenson, Office of the Administrative Rules Coordinator; Benjamin Davenport, Risch Pisca; Russell Westerberg, Truth, Justice & the American Way; Brenda Tominaga, Idaho Irrigation Pumpers Association, Inc.; Roy Eiguren, Sullivan, Rebeger & Eiguren; Dr. Joan Cloonan, DEQ Board Member and Environmental Consultant; Barry Burnell, DEQ

Chairman Raybould called the meeting to order at 1:31 p.m.

MOTION: **Rep. Thompson** moved to approve the minutes of the February 10, 2011, meeting, with the following corrections: On page 1, paragraph 2, "through" should be "throughout", on page 3, paragraph 2, "adopt" should be "adopting". **Motion carried on voice vote.**

MOTION: **Rep. Smith(30)** moved to approved the minutes of the February 14, 2011, meeting as written. **Motion carried on voice vote.**

MOTION: **Rep. Smith(30)** moved to approved the minutes of the February 16, 2011, meeting as written. **Motion carried on voice vote.**

RS 20459: **Rep. Hartgen** explained this is the resolution that will reject the portions of the rule from Department of Environmental Quality regarding antidegradation.

MOTION: **Rep. Harwood** moved to introduce **RS 20459** and send it to the second reading calendar. **Motion carried on voice vote.** **Rep. Hartgen** will sponsor the bill on the floor.

S 1058: **Rep. Thompson** stated the proposed legislation will extend the maximum loan terms for drinking water system construction projects from twenty years to a maximum of thirty years, and will provide consistency between municipalities and community and nonprofit noncommunity systems.

In response to technical questions, **Rep. Thompson** deferred to **Barry Burnell**, DEQ, and he reported that terms can be shorter than thirty years. He also explained how a longer loan term may affect repayment amounts, and how the fund is replenished. He stated that there is currently a greater need for the funds. It was explained to the Committee that there are higher and higher standards to be met, which causes drinking water projects to be much more expensive. Mr. Burnell also explained that the life span of waste water treatment plants and structures are well over thirty years.

MOTION: **Rep. Eskridge** moved to send **S 1058** to the floor with a **DO PASS** recommendation. **Motion carried on voice vote.** **Rep. Thompson** will sponsor the bill on the floor.

Pat Barclay, Idaho Council on Industry and the Environment, informed the Committee of the Council's mission and introduced the speakers for her presentation. **Roy Eiguren**, Sullivan, Rebeger & Eiguren, **Jack Lyman**, Idaho Mining Association, and **Dr. Joan Cloonan**, DEQ Board Member and Environmental Consultant.

Roy Eiguren spoke about the Administrative Procedures Act (APA), which was adopted in 1972. He reviewed the rulemaking process, and stated that 90% of DEQ's rules are created through this process. He described what a rule is and the separation of powers. He explained that Idaho, Wisconsin and Michigan are the only states in which the Legislature has the authority to accept or reject rules.

In response to questions, Mr. Eiguren noted that the Supreme Court has remained silent on the authority of the Legislature to amend or modify a rule; however, the Legislature is able to reject a rule in part or in whole. He also explained that legislation on fee rules requires House and Senate approval because of the fiscal impact.

Jack Lyman, Idaho Mining Association, discussed the issue of stringency and explained that all Idaho Environmental Law Acts contain stringency in one form or another. He reviewed each Act and the specific statutory provisions related to stringency in each Act. He noted that stringency enables the regulated community to know that agencies are not exceeding the authority granted it by the State.

Dr. Joan Cloonan spoke about guidance and rulemaking at DEQ. She noted that the board promulgates rules, but rules can originate from various areas. She said that guidance is written documentation of how the agency interprets a rule. She gave an example of Wastewater Reuse, where the rule sets the standards and the guidance describes and suggests ways to get there. Dr. Cloonan said that a Legislative-approved rule has the force and effect of law, but guidance does not have the same force and effect. She also stated that guidance can be very technical, but avoids mandatory language.

In response to questions, Dr. Cloonan said that the board does not review, nor have oversight over guidance established by the agency. She noted that the agency engages in negotiated guidance, in addition to negotiated rulemaking. While each rulemaking negotiation is unique, they all begin with a notice in the Administrative Bulletin. She also stated that interested businesses may not have the manpower to send a representative to every meeting, so many businesses rely on associations for representation at meetings. Another common aspect to each rulemaking process is the public comment period, which may include a hearing.

ADJOURN:

There being no further business to come before the Committee, the meeting was adjourned at 2:40 p.m.

Representative Raybould
Chair

Jana Filer
Secretary

AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
1:30 P.M.
Room EW41
Monday, March 14, 2011

SUBJECT	DESCRIPTION	PRESENTER
	Fiscal and Economic Impacts of Idaho's Alternative Energy Sales and Use Tax Rebates	Dr. Geoffrey Black and Dr. Don Holley Center for Business and Economic Research, Boise State University
	The Economic and Fiscal Impacts on the State of Idaho from Exergy Development's Construction and Operation of 300 mW of Wind Energy in Idaho	Mr. John Church, Idaho Economics

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Raybould

Vice Chair Harwood

Rep Anderson

Rep Eskridge

Rep Hartgen

Rep Simpson

Rep Vander Woude

Rep Block

Rep DeMordaunt

Rep Gibbs(Wheeler)

Rep Nielsen

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Rep Thompson

Rep Smith(30)

Rep Jaquet

Rep Cronin

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MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Monday, March 14, 2011

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs (Wheeler), Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** Representative(s) Cronin

GUESTS: Max Pond, Risch Pisca, PLLC; Brenda Tominaga, Idaho Irrigation Pumpers Association, Inc.; Dr. Don Holley and Dr. Geoffrey Black, Center for Business and Economic Research, Boise State University; Neil Colwell, Avista Corporation; Ken Miller, Program Director, Snake River Alliance; Leif Elgethun, E-Newables; Lynn Tominaga, Idaho Ground Water Appropriators, Inc.; Ben Otto and Lara Rozzell, Idaho Conservation League; Pat Barclay, Idaho Council on Industry and the Environment; Russ Hendricks, Idaho Farm Bureau Federation; Mr. John Church, Idaho Economics

Chairman Raybould called the meeting to order at 1:32 p.m.

Dr. Geoffrey Black, Center for Business and Economic Research, presented a study of the fiscal and economic impacts of Idaho's alternative energy sales and use tax rebate. This study, completed by **Dr. Black** and **Dr. Don Holley**, analyzed data received from five wind projects of varying size and location, along with data received from one low-impact hydro project. He reviewed their findings regarding direct and secondary economic impact of both the construction phase and the operation phase.

In response to questions, **Dr. Black**, noted that the study did not research the affect of alternative energy sources on end-user rates. He summarized the tax regimes and other incentives of surrounding states. The Committee discussed what part the tax rebate plays in the decision by facilities to locate in Idaho. Dr. Black noted that the study was paid for by the Center for Business and Economic Research.

Dr. Black noted that there is significant lead time, including the permitting process, for project completion. This may be why the state hasn't seen the secondary economic impact yet. The results of the study showed there is a positive net overall benefit realized by the State from the passage of legislation that pertained to 63-3622QQ, Idaho Code.

Mr. John Church, Idaho Economics, completed a study of the economic and fiscal impacts from Exergy Development's planned addition to its wind energy operation. He reviewed the results of the study, which included projections of taxes, payments in lieu of taxes, and royalty payments to rural land owners over a period of 25 years. The estimated total revenues to the state and local governments in Idaho from the planned addition is nearly \$121 million. Royalty payments to land owners in the rural areas where the project is located are estimated to be over \$55 million.

In response to questions, **Mr. Church** stated that monies go to each county and each one decides where those funds will be allocated. He noted that the real rate of return for the projects was not part of this particular study.

The Committee discussed the jobs that alternative energy creates, and whether those jobs are being filled by Idahoans or others. **Mr. Church** noted that Exergy is an Idaho based company. If the company employs out-of-state workers, they estimate that forty percent of the employee's income stays in the state. He also pointed out that most all of the jobs created by Exergy are in rural areas of Idaho, where jobs are hard to come by. He agreed that post-construction, the number of those jobs shrinks significantly.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 2:55 p.m.

Representative Raybould
Chair

Jana Filer
Secretary

AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
1:30 P.M.
Room EW41
Wednesday, March 16, 2011

SUBJECT	DESCRIPTION	PRESENTER
	Shift to CNG: Promoting Natural Gas as a Transportation Fuel	Rachele Klein, Allied Waste and Beth Baird, Treasure Valley Clean Cities Coalition

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Raybould

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MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Wednesday, March 16, 2011

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs (Wheeler), Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

ABSENT/EXCUSED: Representative(s) Anderson, Hartgen, Simpson, Vander Woude, Schaefer, Jaquet

GUESTS: Dave Fisher, General Manager, and Rachele Klein, Idaho Business Development Manager, Allied Waste; Beth Baird, Environmental Programs Coordinator, City of Boise, Treasure Valley Clean Cities Coalition; Tim Hopkins, Crimson Business Development; Mitch Hopkins, Fleet Development Manager, David Murray, and Christina McAlpin, Shift to CNG

Chairman Raybould called the meeting to order at 1:37 p.m.

Rep. Cronin, who coordinated the presentation by the initiative Shift to CNG, stated that his communications company is working with the initiative. Shift to CNG is sponsored by the Treasure Valley Clean Cities Coalition (TVCCC), and was started to educate the public about compressed natural gas (CNG) and its use as a transportation fuel.

Beth Baird, Environmental Programs Coordinator, City of Boise, TVCCC, reported that the objective of the project is to reduce diesel and gasoline use, and vehicle emissions, by promoting CNG as a transportation fuel in Idaho. The project is conducted with a grant from the U. S. Department of Energy. She stated that the same natural gas as is used in homes is used in compressed form for transportation fuel. She noted that Allied Waste and Valley Regional Transit have begun using CNG in their fleets. Public refueling facilities are being built at both Allied Waste locations in Nampa and Boise.

Mitch Hopkins, Fleet Development Manager, Shift to CNG, is contacting local fleet operators to promote the use of CNG. He noted that there are eleven million vehicles worldwide using CNG fuel. He also pointed out that Utah has the most developed CNG infrastructure in the U. S., including refueling stations, mechanics, and car lots. He reported that there is up to an eighty-nine percent reduction in harmful emissions. He also stated that ninety-eight percent of the U.S.'s natural gas comes from North America.

Dave Fisher, General Manager, and **Rachele Klein**, Idaho Business Development Manager, Allied Waste, explained the benefits Allied Waste has realized because of the switch to CNG vehicles. The refuse haulers are cleaner burning and have much quieter engines. Since CNG doesn't have as wide of price swings as gasoline, their budgeting process is easier, and it takes driver much less time to refuel. She admitted that there was a large initial investment needed to modify the shop and train the mechanics, but stated that CNG vehicles are much safer for the mechanics to maintain.

In response to questions, **Ms. Klein** noted that Allied Waste hopes to have the entire fleet converted to CNG by 2014. CNG vehicles do not have to have annual emissions tests. The General Services Administration auto auction in Nampa

frequently has duel-fuel vehicles for sale. She also noted that home refueling kits are available for installation. Ms. Klein pointed out that the federal tax credit ended in 2010. Shift to CNG has redirected some marketing funds to offer incentives for purchasing commercial CNG vehicles.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 2:16 p.m.

Representative Raybould
Chair

Jana Filer
Secretary

AMENDED #1 AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
1:30 PM or Upon Adjournment
Room EW41
Thursday, March 24, 2011

SUBJECT	DESCRIPTION	PRESENTER
	Economic Impact of Mining	Jack Lyman, Idaho Mining Association

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Raybould

Vice Chair Harwood

Rep Anderson

Rep Eskridge

Rep Hartgen

Rep Simpson

Rep Vander Woude

Rep Block

Rep DeMordaunt

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Rep Cronin

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MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Thursday, March 24, 2011

TIME: 1:30 PM or Upon Adjournment

PLACE: Room EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs (Wheeler), Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

ABSENT/EXCUSED: Vice Chairman Harwood, Representative(s) Simpson, Vander Woude, Gibbs (Wheeler), Nielsen, Thompson, Cronin

GUESTS: Dave Goins, Idaho News Service; Ann Finley, Neil Colwell, Avista Corporation; Suzanne Budge, SBS Associates / Thompson Creek Mine; Jack Lyman, Idaho Mining Association

Chairman Raybould called the meeting to order at 1:39 p.m.

MOTION: **Rep. Eskridge** moved to approve the minutes of the March 14, 2011, meeting as written. **Motion carried on voice vote.**

MOTION: **Rep. Smith(30)** moved to approved the minutes of the March 16, 2011, meeting as written. **Motion carried on voice vote.**

Jack Lyman, Idaho Mining Association (IMA), presented An Economic Impact Analysis of Operating Member Company Operations in the State of Idaho during 2010. This study was conducted by Mr. John Church, Idaho Economics, using data received from the 7 members of IMA. It did not include data from small mining operations such as sand, gravel, decorative stone, etc.

Mr. Lyman stated the study concluded that IMA member companies were responsible for \$857 million of personal income earned in Idaho through both direct and indirect impacts. Idaho realized nearly \$63.5 million in tax revenues from the direct and indirect economic impact of the wages and salaries paid to employees, as well as the impact of the goods and services obtained from Idaho suppliers. The study further showed that direct and secondary economic activity generated in Idaho by IMA companies resulted in almost \$96 million in tax, license, and royalty revenues to state and local government agencies.

In response to questions, Mr. Lyman stated that tailings will be stacked and re-vegetated. As of now, the quality of the gypsum contained in the tailings is not high enough to be used in other products such as sheet rock. He also noted that almost all so-called "rare earth minerals" are located on federally owned property. The Committee discussed the mine licensing tax, a portion of which goes to the Department of Lands to fund abandoned mine location and correction. Mr. Lyman reported that Simplot just received approval for a panel, and since approval takes several years, they have started the permitting process for a second and third.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 2:07 p.m.

Representative Raybould
Chair

Jana Filer
Secretary

AMENDED #1 AGENDA
HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE
1:30 P.M. or Upon Adjournment
Room EW41
Monday, April 04, 2011

SUBJECT	DESCRIPTION	PRESENTER
	Approval of Minutes	

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Raybould

Vice Chair Harwood

Rep Anderson

Rep Eskridge

Rep Hartgen

Rep Simpson

Rep Vander Woude

Rep Block

Rep DeMordaunt

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Rep Jaquet

Rep Cronin

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MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Monday, April 04, 2011

TIME: 1:30 PM or Upon Adjournment

PLACE: Room EW41

MEMBERS: Chairman Raybould, Vice Chairman Harwood, Representative(s) Anderson, Eskridge, Hartgen, Simpson, Vander Woude, Block, DeMordaunt, Gibbs (Wheeler), Nielsen, Schaefer, Thompson, Smith(30), Jaquet, Cronin

**ABSENT/
EXCUSED:** None

GUESTS: Kerry Ellen Elliott, Idaho Association of Counties

MOTION: **Chairman Raybould** called the meeting to order at 1:31 p.m.

Rep. Smith(30) moved to approve the minutes of March 24, 2011. **Motion carried on voice vote.**

On behalf of the entire Committee, **Chairman Raybould** recognized the page, **Emily Thiel**, and thanked her for her work during the second half of this legislative session. He also thanked the Committee Secretary, **Jana Filer**, on behalf of the entire Committee.

ADJOURN: There being no further business to come before the Committee, the meeting was adjourned at 1:39 p.m.

Representative Raybould
Chair

Jana Filer
Secretary